

***Application of
Total Environmental Solutions, Inc.
For Approval of an Adjustment in Rates and
Charges for Water and Sewer Services***

Hearing Date: August 4, 2004



Docket No. 2004-90-W/S

***Surrebuttal Testimony of
William O. Richardson
Utilities Department***

Public Service Commission of South Carolina

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

2 A. William O. Richardson, 101 Executive Center Drive, Columbia, South Carolina
3 29210. I am employed by the Public Service Commission of South Carolina,
4 Utilities Department, as Chief of the Water and Wastewater Area.

5 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN**
6 **THIS PROCEEDING?**

7 A. The purpose of my surrebuttal testimony is to address an issue raised by
8 Witness Shambaugh in his rebuttal testimony, specifically lines 5-7 on page
9 19 and to provide new rates as shown on Utilities Department Surrebuttal
10 Exhibit No. 2, due to the audit department's allowance of purchased water for
11 year ending 12-31-03; and contract operations expenses for the wastewater
12 treatment plant for the known and measurable changes for year ending 12-
13 31-03.

14
15 Mr. Shambaugh states in his rebuttal testimony, on page 19 beginning line 5,
16 "The rates established in 1996 were still below cost of service and employed
17 customer tariff rate designs that are discriminatory within the classes."
18 Shown on Utilities Department Surrebuttal Exhibit No. 1, page 1 of 2, is a
19 copy of the proposed rates (User Fees – Monthly) requested by the Company
20 (Mountain Bay Estates Utility Co. Inc.) in Docket No. 93-670-W/S. Shown on
21 Utilities Department Surrebuttal Exhibit No. 1, page 2 of 2 is the rates
22 approved by the Commission in that same case. The only difference is the
23 residential and RV rates which are different from the Company's requested
24 rates by \$1.05 residential and \$1.10 for the RV section (both water and
25 sewer). In addition, the rate design adopted by the Commission in the last
26 case is the rate design that Mountain Bay asked for in its application.
27 Shown on Utilities Department Surrebuttal Exhibit No. 2 are the revised
28 operating margins and revised rates required to produce those new margins.

29 **Q. DOES THAT CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

30 A. Yes it does.

SECTION 3

Mountain Bay Estates Utility Co., Inc.

Proposed Rate Schedule

User Fees – Monthly

Water:

Residential	Per Lot	\$ 20.00 flat rate
Commercial	Per Tap	\$ 30.00 flat rate
RV Sections	Per RV Lot	\$ 10.00 flat rate

Services provided to multiple condominium units will be billed at \$ 20.00 per unit

Services provided to commercial units will be billed at \$ 30.00 per tap

SEWER:

Residential	Per Lot	\$ 30.00 flat rate
Commercial	Per Tap	\$ 35.00 flat rate
RV Sections	Per RV Lot	\$ 10.00 flat rate

Services provided to multiple condominium units will be billed at \$ 30.00 per unit.

Services provided to commercial units will be billed at \$ 35.00 per tap.

NOTE: The Commercial taps consist of a Golf Pro Shop, Golf Maintenance Facility, two Clubhouses with swimming pools, Convenience Store, four Comfort Stations and four Office Buildings,

APPENDIX A

MOUNTAIN BAY ESTATES UTILITY COMPANY, INC.
MS. PATSY LAND
2299 DOCTOR JOHNS RD.
WESTMINSTER, s. c. 29693
(864) 647-9514

FILED PURSUANT TO DOCKET NO. 93-670-W/S ORDER NO. 97-392
EFFECTIVE DATE: MAY 12, 1997

SCHEDULE OF PROPOSED RATES AND CHARGES

User Fees - Monthly

Water:

Residential	per lot	\$ 18.95 flat rate
Commercial	per tap	\$ 30.00 flat rate
RV Sections	per RV lot	\$ 8.90 flat rate

Services provided to multiple condominium units will be billed at	\$ 18.95 per unit
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Services provided to commercial units will be billed at	\$ 30.00 per tap
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Connection fee (new customer)	\$250.00
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Disconnect/Reconnect At Customer's Request	\$ 50.00
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Disconnect/Reconnect For Delinquent Account	\$ 50.00
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Sewer:

Residential	per lot	\$ 28.95 flat rate
Commercial	per tap	\$ 35.00 flat rate
RV Sections	per RV lot	\$ 8.90 flat rate

Services provided to multiple condominium units will be billed at	\$ 18.95 per unit
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Services provided to commercial units will be billed at	\$ 30.00 per tap
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Connection fee (new customer)	\$400.00
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UTILITIES DEPARTMENT
SURREBUTTAL EXHIBIT NO. 2

Total Environmental Solutions, Inc.
Revised Alternate Revenue Requirements
Test Year Ended December 31, 2002

		Revenue Required After Increase \$	water bills = 6636 res & 96 com sewer bills = 6420 res & 96 com			
			residential \$	commercial \$	residential monthly charge	commercial monthly charge
Operating Margin @ 0.00%	water	228,293	223,165	5,127	\$ 33.63	\$ 53.41
	sewer	195,600	192,119	3,482	\$ 29.93	\$ 36.27
	Combined	423,893				
Operating Margin @ 5.00%	water	243,588	238,117	5,471	\$ 35.88	\$ 56.99
	sewer	208,705	204,990	3,715	\$ 31.93	\$ 38.70
	total	452,293				
Operating Margin @ 10.00%	water	261,710	255,832	5,878	\$ 38.55	\$ 61.23
	sewer	224,233	220,241	3,991	\$ 34.31	\$ 41.58
	total	485,943				
Operating Margin @ 15.00%	water	288,154	281,682	6,472	\$ 42.45	\$ 67.42
	sewer	246,889	242,494	4,395	\$ 37.77	\$ 45.78
	total	535,043				
Operating Margin @ 20.00%	water	326,715	319,377	7,338	\$ 48.13	\$ 76.44
	sewer	279,928	274,945	4,983	\$ 42.83	\$ 51.90
	total	606,643				
Operating Margin @ 25.00%	water	377,232	368,759	8,473	\$ 55.57	\$ 88.26
	sewer	323,211	317,458	5,753	\$ 49.45	\$ 59.93
	total	700,443				
Operating Margin @ 28.68%	water	424,620	415,083	9,537	\$ 62.55	\$ 99.35
Proposed Increase	sewer	363,813	357,337	6,476	\$ 55.66	\$ 67.46
	total	788,433				